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Warner, Adoniram Judson

The unlimited coinage of silver

[Washington]

[1879]

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[FROM THE CONGRESSIONAL RECORD.]

The Unlimited Coinage of Silver.

SPEECH

OF

HON. A. J. WARNER,

OF OHIO,

IN THE HOUSE OF REPRESENTATIVES.

SATURDAY, MAY 3d, 1879.

Nor can it require argument to prove that a nation ought not to suffer the value of the property of its citizens to fluctuate with the fluctuations of a foreign mint, and to change with the changes in the regulations of a foreign sovereign.—ALEXANDER HAMILTON.

WASHINGTON, D. C.:
R. O. POLKINHORN, PRINTER.
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SATURDAY, MAY 3d, 1879.

Mr. WARNER said:

Mr. SPEAKER: The object of this bill is to so amend sections 3511, 3513, 3520, 3524, 3527, 3585, 3586, and 254 of the Revised Statutes as to place silver on the same basis with gold, exactly as it stood under the law of 1792, and as it continued during our whole history down to 1873.

I desire first, Mr. Speaker, to call attention to the change made by the act of 1873, first by withdawing the unit of value from silver, where it had rested conjointly with gold from the foundation of the Government, and placing it upon gold alone; and, second, by dropping the old dollar from our coinage; and, finally, in the Revised Statutes, taking from it the legal-tender quality. This is the provision which (referring to the gold dollar) changed the unit from both metals to gold alone—

Which [the gold dollar] at the standard weight of 25.8 grains shall be *the* unit of value.

The words "or unit" which it is proposed to restore to the statutes is the language of the law of 1792, and the language of every act providing for or regulating the coinage of dollars of either metal from that date to 1873, when the ill-considered change in the money unit was made.

When the question of the establishment of a mint was under consideration by the founders of the Government, Mr. Hamilton, in his communication to the House of Representatives, January 28, 1791, said:

Upon the whole, it seems to be most advisable, as has been observed, not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money and reducing it to the situation of a mere merchandise.

* * * * * * * * * * * * *

To annul the use of either of the metals as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scanty circulation.

Jefferson, in his letter to Hamilton, returning the report, said:

I return you the report on the mint. I concur with you that the unit must stand on both metals.

Mr. Webster, referring to the constitutional power of the Government over money, said:

I am certainly of the opinion, then, that gold and silver, at rates fixed by Congress, constitute the legal standard of value in this country, and that neither Congress nor any State has authority to establish any other standard or to displace this.

* * * * * * * * * * * * *

The legal tender, therefore, the constitutional standard of value, is established, and cannot be overthrown. To overthrow it would shake the whole system.

As a constitutional proposition I think it must go unquestioned that if Congress may demonetize silver, it may gold; and if it may demonetize either of the metals it may both of them; and if it may demonetize both gold and silver, then it may monetize any other metal, or make money of anything else. I think no one will dispute the fact either, that in the opinion of the founders of the Constitution there was no right vested in Congress to demonetize either of the metals. Congress may fix the ratio between

them; it may "regulate" the value of our own and of foreign coins. By the word "value," however, as used in the Constitution, is meant only the ratio between the two metals, and the relative value of foreign coins as compared with or expressed in our own standard coins.

Mr. Speaker, by the provisions of the act of 1873, striking silver from its place as a money metal and restricting the unit of value to gold alone, a monetary revolution was inaugurated which has and will, if allowed to go on, cost this country more than all its wars have cost it. This sweeping change is contained in eighteen words, now a part of section 3511 of the Revised Statutes. Here is where the mischief lies. This is the root of the evil. And these words must be repealed before bi-metalism can be re-established. The unit must be restored to both metals; without this the coinage of silver is but a make-shift and a delusion.

I wish, however, before proceeding further in this line, to refer to the origin of this innovation and the way it got into the statutes. It is manifestly a foreign importation. I do not believe it had its origin on this side of the Atlantic. It was doubtless partly the product of that ill-advised convention which assembled in Paris in 1867, and which had for its principal object the unification of the coins of the world, and partly a deep laid scheme to increase the value of money.

Apparently inspired by the action of this convention, Mr. Sherman, in January, 1868, being then chairman of the Committee on Finance in the Senate, introduced a bill to change the gold coins of the United States so as to make them correspond with the French twenty-five franc piece, and to make the silver half dollar correspond in weight to two and a half silver francs, and dropping the dollar entirely.

The bill as originally introduced in the House, however, contained a dollar piece. This piece was afterward dropped and the trade dollar substituted. The words now incorporated in section 3511 making the gold dollar the sole unit of value were embraced in the bill as first introduced by Mr. Hooper. Who suggested this provision, or whose hand framed it, does not appear, and no one has had the courage to own it. Suffice it to say no heavier hand was ever lifted against this country.

While the bill was under consideration in the House, except a mere allusion by Mr. Hooper and Mr. Potter, there is not one single word in the discussion that took place, then or afterward, in the House or in the Senate, indicating that anybody understood that a change was to be made in the standard of value in the United States, or that this was part of a concerted movement to drop silver from the money of the world. From the discussion that took place, which pertained altogether to other matters, such as minor coins and whether the eagle should be retained on fractional silver pieces or not, it was evident that nobody contemplated any such thing or knew that a provision was in the bill making such a change in our monetary standard.

If further evidence of these facts were needed we have it in the vote taken in this House in April, 1874—more than a year after the passage of Mr. Hooper's bill—on a resolution by a distinguished member from Massachusetts, [Mr. Hoar,] which resolution was as follows:

> That from and after the 1st day of September, 1874, nothing but gold and silver coin of the United States shall be a legal tender in the payment of any debt thereafter contracted.

This resolution was concurred in by nearly all the republicans in the House. Even Mr. Hooper voted for it.

In the Senate, April 25, 1876, the present Secretary of the Treasury declared:

> The act of 1873 did not in the slightest degree demonetize silver. * * * The right to coin the silver dollar, which is now proposed to be authorized again, has always existed in this country; has never been taken away.

This is a strange declaration, coming from the source it did.

A distinguished Senator from New York, a few days later, asked, apparently in astonishment, if it was true that there was by law no American dollar.

Not an intimation was given to the country by the public press anywhere that such a change was contemplated. You will search in vain the journals of the country to find anywhere a hint of such a thing. Doubtless there were those who understood it. The money-dealers of Wall street, of Lombard street, of the Bourse of Paris, and of Hamburg understood it. They know Ricardo by heart; they know the history of such changes in other times, and they know the history of resumption in England, and they knew very well what would be the effect of such an alteration in the standard, with national debts aggregating $25,000,000,000. The cunning knavery concealed under the impenetrable disguise thrown around the bill at the time of its passage has come finally to be the most marked feature of the whole measure. I repeat that the bill passed through the Senate without even being read through and without one single word in the debate upon it there to indicate any change in the metallic standard. But we have evidence from another source that no such thing was in the minds of the chief officers of the Government. The President who signed the bill evidently was not aware of the covert provisions it contained.

Mr. KELLEY. Will the gentleman yield to me for a minute for the statement of a pertinent fact?

Mr. WARNER. Certainly.

Mr. KELLEY. So little was this matter understood that I for years pleaded guilty to having presented, as its chairman and organ, from the Committee on Coinage the bill which demonetized the standard dollar. I did not know that I had not done so until the gentleman from Illinois [Mr. FORT] investigated the matter and found that the bill of the committee which I had reported did not demonetize the standard dollar, and that a section had been stricken out and one demonetizing that dollar inserted in the Senate.

Mr. WARNER. That was done in the committee of conference, I think. At any rate the provision which dropped entirely the dollar piece and left the trade dollar in its place, was adopted upon the report of a committee of conference, and was not read in the House.

I say that the President of the United States who signed the bill was evidently not aware of its scope or the change that was made by it. In proof of this we have his letter to Mr. Cowdrey, written in October of the same year, in which he recommended an increased coinage of silver, and wondered why silver dollars did not come into circulation.

I incorporate in my remarks the letter of the President, to which I have just referred, dated October 6, 1878, and which reads as follows:

> I wonder that silver is not already coming into the market to supply the deficiency in the circulating medium. * * * Experience has proved that it takes about $40,000,000 of fractional currency to make the small change necessary for the transaction of the business of the country. Silver will gradually take the place of this currency, and further, will become the standard of values, which will be hoarded in a small way. I estimate that this will consume from $200,000,000 to $300,000,000 in time of this species of our circulating medium. * * * I confess to a desire to see a limited hoarding of money. It insures a firm foundation in time of need. But I want to see the hoarding of something that has a standard value the world over. Silver has this.

Not only was the President of the United States not aware of the change the bill which he had signed made in the unit of value, but it is fair to presume that his Cabinet also were unadvised that silver had been dropped from our monetary system two years after the bill had become a law. This is evidenced by the special message which the President sent to the Senate, January 14, 1875, approving the resumption act, in which he used this language:

> With the present facilities for coinage, it would take a period probably beyond that fixed by law for final specie resumption to coin the silver necessary to transact the business of the country.

The suggestion of Mr. Groesbeck at the recent conference at Paris, that silver was inadvertently dropped from the coinage of the United States, was a clever way of putting it, but still we can hardly wonder that other countries should express surprise at such an admission. It is a fact, however, that this change affected the country very little then, which sufficiently accounts for the absence of public concern, but when the specie-resumption act which followed began to take effect, changing all prices from a paper to a metallic valuation, then the country awoke to find that the metallic level of prices had also been changed; that the metallic measure itself had been changed from $8,000,000,000 of both gold and silver for the world to $4,000,000,000 or $4,500,000,000 of the one metal, gold, or that it was finally to come to this. Then the fact was brought to light that a law had been passed which coming into force changed the terms of every contract and every obligation then existing in the United States.

It changed the relation of every bushel of wheat, of every acre of land, of every piece of property, and of every day's labor in the United States to debts and obligations theretofore contracted. It set up a new standard, an enlarged one, a standard of one metal of forty-five hundred millions of money for the world, instead of a valuation based upon eight thousand millions.

Mr. Speaker, the old way of changing the value of money was to increase the metal in the coins, but requiring, nevertheless, the same number of coins for debts and taxes. In every capital of the world time and again that has been tried. It was tried in England in the reign of Edward VI, when the metal in coins was increased threefold. It was renewed by Queen Elizabeth, and entailed the poor laws upon that country. It was tried in France under Philippe le Bel, when, at the instance of the clergy and the barons, coins were doubled in weight, but an insurrection among the peasantry compelled the king to abandon his unjust demands. It was tried in ancient Rome two thousand years ago when Heliogabalus, to increase his revenues, by an underhand trick increased the gold in the *aureus*. No country, perhaps, has escaped such attempts at robbing the tax-paying people for the benefit of a receiving class. And it is really the "honest" way of changing the value of money. (I use the word "honest" in this connection as I take it to be used by our "honest-money" friends.) It has the merit of being a fraud clear and above-board, a fraud that all can understand.

Double the quantity of metal in the coins and require the same number of pieces to be given in discharge of an obligation, and of course the debt is doubled.

Now, I submit this plain proposition: If there is metal enough in the world applicable to monetary uses to make eight thousand millions of units of valuation in the proportion of 25.8 grains of gold and 412½ grains of silver to a dollar, or unit, and you double the quantity of metal in coins, then only half that number of coins can be made, and you have doubled the value of the coins and doubled the measure or standard. Now there can be no difference in effect between doubling the metal in coins and by that means doubling their value, and reducing the quantity of the metal from which coins can be made one-half. If you have a given number of tons of metal applicable to use as money, enough say to make $8,000,000,000, and you destroy half of it, you have changed the value of money, you have changed the measure, precisely the same and to the same extent as though you had doubled the quantity of metal in the coins. But this is the way in these times that "honest" money is made. No doubt there was prating in the streets of Rome two thousand years ago of honest money, and no doubt there were men then who thanked the gods that they were enabled by such means—by an increase in the standard by which debts were measured and paid—to appropriate to themselves property that rightfully belonged to others.

The same thing, Mr. Speaker, has been undertaken and in part accomplished in this country. This is not communism asking for a division of the accumulated wealth of the world; it is not socialism asking to be secured the poor privilege of earning bread. It is another class, the bond-holding, the tax-receiving class, coming into the halls of this Capitol and asking and receiving the aid of the State to enable them, by an increase in the value of money, to lay avaricious, ay, felonious hands, not only upon portions of wealth representing past accumulations, to which they have no just right, but to reach forward into the future, how far no one can foresee, and to appropriate the earnings of future years—wealth yet unerented—beyond the share to which they can lay rightful claim. That is exactly the effect of the change made in our monetary unit by the provisions of the law of 1873 which it is now proposed to repeal.

CHANGE FROM A PAPER VALUATION TO THE METALLIC VALUATION.

It was supposed by the people, when the resumption act was passed, that it was proposed to return to the old standard; to restore values to the old level of bi-metallic money—silver and gold conjointly. But instead of that we find a new standard set up, that of gold alone—a very different level indeed from which we departed in the issue of paper money during the war.

I wish to take this occasion, however, Mr. Speaker, to condemn all changes by legislation in the value of money, whether to increase it or to decrease it.

This is what an eminent English economist and moralist, William Leckie, says of the act of changing the value of money:

> No extensive country can ever alter its currency from the precious metals, and then back again to the precious metals, without seriously affecting the value of property among its neighbors. These violent changes, in the degree in which they have lately been experienced in Europe and America have defeated, in numerous instances, the very end and object for which men form themselves into societies, viz., for the mutual protection of their lives and property. It is now, unfortunately, a matter of history that hundreds and thousands of virtuous and industrious families have been reduced to ruin and beggary by the late changes in the value of money, who, from their own conduct and situation in life, had no reason to look for or to expect such a calamity.

There can be no real gain to any country by such measures. I do not believe there was a necessity for departing from existing valuations, even in the darkest hours of the war. We really gained nothing by it. When prices were doubled it took $2 to do the work $1 did before. Our war debt was unnecessarily doubled, and more than doubled, by it. But having departed from the metallic valuation and established a paper valuation, I contend that it was wrong, that it was unjust to return to the former standard without adequate compensation. But when it was proposed not to stop at the old metallic level of both the precious metals, but to establish a new level, to set up a new and higher standard, and undertake to bring all values in the country to that, it became more than a blunder—it became a crime, a crime that this Congress should not adjourn without wiping from the statute-books. [Applause.]

Mr. FORT. I understand the gentleman to say that he proposes, and I suppose this bill proposes, to set up a new standard.

Mr. WARNER. No, sir: I say that a new standard was set up by the demonetization of silver and placing the unit of value on gold alone; and of that I propose to give the proof very soon.

Mr. FORT. The gentleman will bear in mind that silver was remonetized two years ago.

Mr. WARNER. Oh, no; silver has not been remonetized, although we do make some money out of silver, and I say that the law of 1873 which I have been discussing set up a new and different standard—a higher one.

But it is not proposed to set up a new standard by this bill, but to rest upon the old one of both gold and silver. I say that the provision in the section of the Revised Statutes, which it is proposed to amend, set up a new standard. The act of February 28, 1878, which restored to the silver dollar the legal-tender quality, did not provide for its unlimited coinage. It did not therefore restore the bi-metallic standard—far from it—it simply supplemented the gold standard by as much silver as may be coined from month to month in the same way precisely as the greenback and the national-bank note supplement gold. I grant that. But I wish to show that we have made a double change in this country, first a change from a paper valuation to a valuation of both gold and silver, and a second change from a valuation of both metals to gold alone. The fall in prices as the consequence of the first change, taking the general run of property, including real estate, mines, factories, &c., as well as commodities and labor, has been from 35 to 40 per cent. The change from the bi-metallic valuation to gold, so far as it has already gone, adds from 18 to 20 per cent. to this. This second change began and has continued from the time our paper currency was at par with silver.

I hope I have succeeded in making clear my point that the value of gold—the value of a gold dollar, or a gold sovereign, or an ounce of gold, if you please—is one thing under the law as it stood before the act of 1873, and before the German law of 1872 and 1873 was passed, and a very different thing now under those laws. The gold dollar, which gentlemen seem to consider as fixed in value like a yard-stick or a pound weight, has, in fact, become a very different measure under these laws from what it was before they were passed.

On this point I desire to give the opinions of a few men of acknowledged weight as authorities. No economist, let me say, who considered the subject carefully eight years ago seemed to look for any other result, from the partial demonetization of silver even, than a fall in prices or a rise in the value of gold.

Mr. Ernest Seyd, an authority too well known to require comment from me, said in 1872:

> The demonetization of silver, abstracting say 40 per cent. from mediums of exchange, or rather the violation of the contract basis upon which these relations now rest, will be tantamount to a gratuitous addition to the power of invested capital and fixed income, while labor and property will fall in value. Whether the result takes place suddenly, or gradually, (as the advocates of the gold valuation put in for an excuse,) the principle involved remains the same, the wrong remains paramount. Thus the value of all State debts (in themselves immoral) would increase greatly, the burden of taxation would become the heavier in proportion, and labor would become more enslaved than ever. There are persons who allege that the additional supply of gold might soon make up the difference. The folly of this assertion equals that of a man who wantonly scuttles his ship in the hope and expectation that he might get another to replace it.

Again, he says:

> The definite adoption of the gold valuation by the majority of the civilized States must involve its extension over all the other nations with which they stand in commercial intercourse.

This is the opinion of an English economist, mindful that the debts of the world have increased in ten or fifteen years to $25,000,000,000; and it is indeed worthy of remark that at this time, when national indebtedness has so increased, it should be proposed to change the standard by which that indebtedness must sometime in the future be liquidated.

Wolowski, the distinguished French economist, said:

> The suppression of silver would bring on a veritable revolution. Gold would augment in value with a rapid and constant progress, which would break the faith of contracts, and aggravate the situation of all debtors, including the nation. It would add at one stroke of the pen, at least, three milliards to the twelve milliards of the public debt.

And further:

> To adopt one metal, gold, to the exclusion of the other, it is not merely as if they closed all existing mines of silver, but as if they suppressed in this regard the labor of all past ages. If by a stroke of the pen they suppress one of these metals in the monetary service, they double the demand for the other metal to the ruin of all debtors.

Disraeli said in a speech at Glasgow in 1873:

> I attribute the great monetary disturbance that has occurred to the great changes which the governments in Europe are making with reference to their standard of value.

Now, has there been such a change in the value of gold and in the prices of commodities as was predicted? Let us see. First let us examine the change from the paper valuation to the bi-metallic level, and then from the bi-metallic to the mono-metallic level, as far as the change has proceeded. Take, if you please, the productions of the United States. The value of our wheat crop in 1869, which was only 300,000,000 of bushels, was $375,000,000, while the value of the crop in 1878, of 422,000,000 bushels, was only $329,000,000. The value of our corn crop in 1869, 900,000,000 bushels, was $450,000,000, while the value of 1,371,000,000 bushels, the production last year, was only $436,000,000. The value of the cotton crop of 1869, 2,700,000 bales, was $363,000,000, while the value of the entire crop of 1878, 5,200,000 bales, was only $194,000,000.

Taking the population of the States engaged in the raising of cotton at ten millions, and the entire cotton crop will afford but about $20 *per capita*.

I have heard complaint here and elsewhere that the colored population of the South was not duly rewarded. Why, if $20 *per capita* is the value of their whole product, that is all there is to divide; if one gets more than $20 another must take less; and if the value of all the other products of these States be taken at one-half that of the cotton crop, then all there is to be divided does not amount to $30 apiece, and out of that the people must be supported and the taxes and interest and all other dues paid. Tennessee has been assailed on the floor of this House as trying to repudiate a part of her debt. Let me say on behalf of that State—while I am the apologist of no man or State that proposes repudiation or seeks to escape any just obligation—yet the State of Tennessee could not have foreseen when she contracted her debt of $20,000,000 that the dollar was to be increased in value by the demonetization of silver, so that while at the price of cotton in 1869, 175,000 bales would have paid it, and in 1873, 285,000 bales, it now takes 536,000 to balance it. I do not mean that the change in the price of cotton or other crops is due entirely to a change in money. But I do mean that the change in the value of money is a principal element. I mean that the gold dollar is a different dollar now, with silver demonetized, from the dollar of gold before the demonetization of silver.

Mr. FISHER. Is the gentleman's valuation of cotton in 1869 based on currency or on gold?

Mr. WARNER. The value I have given is based on Liverpool prices. But let us pass to other products. The value of the potato crop of 1869—150,000,000 bushels—was $90,000,000. In 1878 the crop was 125,000,000 bushels, being 25,000,000 less than in 1869; but the value was but $73,000,000. The tobacco crop of 1869—225,000,000 pounds—was $37,125,000. The crop of 1878 was 393,000,000 pounds, but its value was only $22,000,000.

Take pig-iron. The value of the pig-iron produced in 1869 was $62,000,000, the product being 1,725,000 tons. In 1873 the production was 2,868,000 tons, and the value was $120,000,000. Its value in silver bullion was then very much greater than its value now; but I will revert again to that point if I have time. In 1877 the production of pig-iron was 2,314,000 tons, a less quantity, therefore, than in 1873; so that it was not the quantity that affected the price, but the value of the total product of that year (1877) was only $41,000,000.

But we have a better test than that. The expenses of the Government of the United States in 1873 were $293,000,000. What do you suppose was the equivalent of that expenditure in labor—in day's labor—in this country? Why, the equivalent of it in days' labor was about one hundred and ninety-five million days, or the product of so many days' labor. In 1878 the expenditures had been reduced in number of dollars, so that they were but $236,000,000. But to pay the $236,000,000 of expenses in 1878 required two hundred and sixty-two millions of days' labor, or the product of so many millions of days' labor, or 67,000,000 more than was required for the larger expenditure. There was, then, no decrease in the expenditures when measured by that which measures all values, human sacrifices, but on the other hand a decided increase.

The total taxes collected in the United States, according to the statistics of Mr. David A. Wells, given by him in his report as special commissioner of the revenue in 1869, was $750,000,000. The labor equivalent of these taxes in that year (1869) was five hundred millions of days' labor. In that year I say that five hundred million days' labor was the equivalent of all the taxes raised in the United States. What is the equivalent of the same taxes now in labor—for, remember, the number of dollars required in taxes is not less than in 1869? *It is not less than eight hundred and thirty million days' labor, or three hundred and thirty million days more than was required to make up the equivalent in* 1869 *and* 1870!

Take the interest on the public debt. We are told over and over again—it has been a thousand times repeated—that the Government has reduced the interest. True, the interest has been reduced in the number of dollars paid, but as a burden I affirm, and I think statistics amply bear me out in the assertion, that the interest on the public debt as a burden to be borne and discharged by sacrifices through labor or its products, has been increased every month and every year from the close of the war down to this day. In 1873 the interest was $104,000,000; the labor equivalent of which was sixty-nine million three hundred thousand days. In 1878 the interest was $95,000,000, in round numbers: the equivalent of that in days' labor was about one hundred and five millions of days. I take for the basis of my calculations the most reliable labor statistics available in the different States. The interest paid in 1878, therefore, as measured in days' labor was thirty-six million more days than in 1873. It required so much more sacrifice, so many more of the products of every kind on the average, than was required at the time the interest was highest.

When our bonds were first sold a $1,000 bond bought us from six to eight tons of

iron rails. But it takes now about thirty-three tons to pay a $1,000 bond. 400 to 500 days' labor then would buy or pay for a $1,000 bond. Even in 1873, 666 days' labor, with labor rated at $1.50 per day, would pay for a $1,000 bond. But at the price of labor now it takes from 1100 to 1200 days to pay one off. And labor must pay all in the end; and must pay at this altered rate, too, and the alteration is still going on as gold rises. To pay a hundred millions of debt abroad, how much more cotton, tobacco, petroleum, everything exported, is required than five years ago? The London Economist of January 18, 1879, in summing up the results of British trade for 1878, says: "Altogether we have received rather more in quantity than in 1877, and have paid some 8½ per cent. less money;" which shows that the fall in prices of imports into England is still going on, and that in the payment of interest and debt to England we pay every year more commodities.

So far as this is a result of general causes, and especially so far as it is caused from cheapened processes of manufacture, there can be no ground of complaint; but in so far as it is due to a direct alteration in the value of money we have a right to complain, and to make emphatic our demand that the alteration in the just measure shall go no further, but, on the other hand, that the rightful standard shall be restored. We have heard often, and gentlemen here will doubtless say the change is in the property, that property has shrunk; values have shrunk. But I ask, have acres grown smaller or miles shorter? Have houses shrunk? Do bushels contain less or are pounds not as heavy? Are there not as many acres of land, as many houses, as many mills, factories, furnaces, as much property of all kinds, in quantity, in the United States now as there was five or ten years ago? No; the change is not in the commodities, but in the measure, in the valuator—money.

John Locke, two hundred years ago, gave the true philosophy. He said:

> Money, while the same quantity of it is passing up and down the kingdom in trade, is really a standing measure of the falling and rising value of other things, in reference to one another, and the alteration of price as truly in them only. But if you increase or lessen the quantity of money current in traffic in any place, then the alteration of value is in the money; and if at the same time wheat keep its proportion of vent to quantity, money, to speak truly, alters its worth, and wheat does not, though it sell for a greater or less price than it did before.

No one would claim, if he found a given piece of cloth showing at one time a given number of yards and the same quantity of cloth to measure at another time a less number of yards, that the cloth had shrunk. He would conclude that the change was not in the goods, but in the measure; and that is exactly the case with the property and all the wealth of the United States. Five or six or eight years ago a man on the western prairies bought a farm, agreeing to pay $5,000 for it. He paid $2,500 down. The yearly products of his farm were worth, we will say, $500. He counted upon being able, out of his own industry and the product of his farm, to pay the balance in a given time, and obligated himself to do it and mortgaged his property. In the mean time this great Government, the United States, that should look to the equal protection of the rights of all the people, changes the measure, changes the value of the money he agreed to pay. It tells him, in the first place, that the commodities which he produces shall be worth only $250 instead of $500; or, in other words, that he shall give twice as much of what he produces for a dollar; and in the second place, tells him that, notwithstanding, he shall pay the same number of dollars in the discharge of his mortgage. The plain effect of this is that the Government steps in after a fair contract has been made and breaks it; alters entirely its terms; permits, on the one side, and compels on the other, the violation of the faith pledged between man and man, and takes the property from one—takes from him at least what he had paid—which may represent his life earnings and savings; takes it under this robbing act changing the value of money, for robbing in effect it is, and, so far as concerns the loser, it leaves him no better off than if pirates had come from some foreign coast and dispossessed him of what was his.

This is not an exceptional case. The country is filled with men dispossessed of their property, their earnings and their savings, under the monetary legislation of the last ten years. But continue the increase of the money standard, and it must result in the dispossession of the great body of the people of their property and moreover bar them from any share in future accumulations. It in effect decrees pauperism to half and more than half the people of this country. Mr. Speaker, these views may be thought extreme, but they are the facts of economic science as I understand that science. They are, I believe, in accordance with the teachings of the ablest thinkers and writers on this subject, from Locke and Hume down. The effect of a shrinking volume of money on prices and on production has been often told. In the language of Sir Robert Peel:

> There is no contract, public or private, no engagement, national or individual, which is unaffected by it; the enterprises of commerce, the profits of trade, the arrangements made in all the domestic relations of society, are all affected by it.

No, the sweeping change which has taken place in this country in the relation between property and commodities is a change mainly in the money itself. Of course,

I do not ignore changes which come from natural causes under the laws of supply and demand, nor has anybody the right to complain of changes that take place through improved methods of production. Such changes do not involve sacrifices by any class. But there cannot be a general fall or a general rise in prices except it come by a change in the value of money, that is in the measure or valuator. I repeat, the old way to swindle was to increase the metal in the coins and then require the same number of coins to be paid, the new way is to reduce the quantity of metal out of which money can be made. I submit to the consciences of the apologists of this method whether the one process is any more honest than the other.

Mr. CHITTENDEN. Will the gentleman allow me to ask him a question?

Mr. WARNER. I will.

Mr. CHITTENDEN. I would like to ask the gentleman what would become of his argument and what would become of the quotations he has made from the writings of distinguished men, if he admits that the legal-tender debt of the United States was a forced loan and that it was never money?

Mr. WARNER. I do not admit any such thing. It was money as absolutely as though made of metal; but that I am not now arguing.

Mr. CHITTENDEN. I have got my answer. [Laughter.]

Mr. WARNER. I pass now to the consideration of the question whether or not as a fact (which, if true, is a vital element in this problem) gold has increased in value in the last five years and is likely still further to increase. Do statistics show it? Is it a fact admitted by statisticians? The coinage of silver has been suspended in every State in Europe; in Germany and in the Scandinavian States silver has been demonetized and gold called for to take its place; in the United States silver coinage is under restriction.

The only conclusion that can be logically drawn from this state of facts is that, unless there be an increase in the production of gold to correspond to the increased demand, gold must continue to appreciate in value.

Now what is the annual production of gold? Somewhere from eighty to ninety millions of dollars for the whole world. That is from seven to eight cents *per capita* for the entire population of the globe. That is scarcely more, one would think, than is required in these times for teeth-filling. Is this eighty or ninety millions of gold enough to make up for the abrasion and loss of this metal, and the requirements of it for the arts, and its use for plate ornaments, &c., and, besides, to take the place of silver for money in Europe and this country?

Here is what Mr. Newmarch, a high authority on this subject, said in an address before the London Statistical Society in May, 1878:

> There is now no question that for about twenty years prior to 1848 the annual supplies of gold had been insufficient to meet the wear and tear of the coins in use, the requirements of the arts, and the needs of enlarging industry, commerce and population. There had been a slow but steady and progressive tendency toward lower prices, and therefore toward a discouragement of enterprise.

W. L. Fawcett, in his letter to the monetary commission, dated November 24, 1876, says:

> The stock of gold in the commercial world in the shape of coin and bullion has, in my opinion, been greatly overestimated, because the consumption of gold in the arts has been greatly underestimated. I have reason to believe, as I propose to show in my forthcoming volume now in the printers' hands, that the annual consumption of gold in the arts, together with the losses by casualties and the additions to the stock of jewelry and ornaments, reaches $100,000,000 per annum, being more than the annual production at the present time; and that the world's stock of gold coin and bullion used as money is diminishing.

As a more definite statement of the gold production, I give the following estimate of the production of gold for periods of five years from 1852, as taken from Mr. Giffen's address before the London Statistical Society in January last, and reduced to dollars at the rate of $5 to the pound sterling:

GOLD PRODUCTION.

From 1852 to 1856, $750,000,000, or $150,000,000 a year.

From 1857 to 1861, $615,000,000, or $123,000,000 per annum.

From 1862 to 1866, $615,000,000, or $123,000,000 a year, or about the same as from 1857 to 1861.

From 1867 to 1871, $540,000,000, or $108,000,000 per annum.

From 1872 to 1875 the production was $380,000,000, or $95,000,000 a year.

Thus, in the twenty years from 1852 to 1871 the annual production had fallen off over $40,000,000, and is now $60,000,000 less per annum than from 1852 to 1856.

Mr. Giffen estimates that Germany and the United States alone, in seven years, as the result of changes in their monetary systems, have absorbed $350,000,000.

The Financial Chronicle estimates that the production of both gold and silver in the United States last year fell $17,000,000 below the production of the year before, and it is estimated by Wells, Fargo & Co. that it will fall off $10,000,000 more this year. This would leave the production of gold for the world at from $80,000,000 to $90,000,000, and the production of silver at about $65,000,000. As to the consequences of this decrease in the production of the precious metals, the *Bankers' Magazine*, for April, 1879, says:

> The falling off in the production of gold and silver in the United States in 1878, as compared with 1877, and the opinion of Wells, Fargo & Co., that an additional falling off, equal to $10,000,000, is probable in 1879, are attracting great attention. While the volume of metallic money is not the sole factor in determining the metallic prices of commodities, it is certainly true that such prices depend wholly upon the volume of metallic money, when other things are equal. Of course, the stock of the precious metals is a very different thing from the annual supply of them by new production, and is so large as compared with the annual supply that it is only slowly affected by changes in the yield of the mines. Still, in the present depressed condition of metallic prices throughout the world it is not wonderful that any circumstances tending still further to depress them is viewed with apprehension and anxiety.

Mr. Giffen, in the address already referred to, says:

> There can be no doubt whatever that a serious influence on prices has been exerted of late years by the appreciation in the value of gold. While the gold supply has been falling off from year to year, the demand for that metal has increased, not only with the volume of the trade of the world, but because countries which had previously required little now base their entire coinage on gold.

And again:

> A sovereign will be more and more valuable as time goes on.

Yes; the gold dollar is to become more and more valuable as time goes on. A fine prospect indeed for a nation so weighted with debt as we are, for a people so overwhelmed with debts and burdened with taxes as our people are, to know that the standard of payment is to be increased against them "as time goes on"

The *London Economist* of December 28, 1878, says:

> It is a fact which will scarcely be disputed that the purchasing power of gold is now considerably greater than it was in the three years 1872, 1873, 1874. This assertion may readily be corroborated by an appeal to the market prices of commodities then and now; and the result, which yields an average fall probably exceeding 20 per cent.

In the same number of the *Economist* is given a table of prices, taken from the *Commercial History* and *Review*, showing that on twenty-two leading articles the prices had fallen 38 per cent. below the prices of 1866, and over 22 per cent. below the prices of 1873, and to within 4 per cent. of the prices of 1845, or before the gold discoveries of California and Australia.

The *Bankers' Magazine* for April, 1879, in this connection says:

> Nothing is more certain than that the general tendency of metallic prices has been downward since about 1865, since which date the aggregate production of the precious metals has been stationary, while the needs for them have been increasing.

The same journal adds:

> The British journalists and financial writers seem now to be well agreed that there has been an important rise throughout the commercial world in the value of gold, indicated and measured by an important fall in the general range of the gold prices of commodities.

Comparing the prices of British exports for different years, Mr. Giffen finds that a fall of 27 per cent. took place from 1873 to 1878, and a fall in 1878 alone of 22 per cent. On this point the *London Times*, as quoted in the *Bankers' Magazine* for May, 1879, says:

> On the export side every important article of home manufacture shows a serious reduction in both quantity and price. Cotton piece-goods have shrunk 11% per cent. in quantity and 15% in price, iron and steel 12½ per cent. in quantity and 22 per cent. in price, and woolen and worsted cloths 10½ per cent. in quantity and 12½ per cent. in price. So it is, more or less, throughout the list. Making all allowances for the unfavorable character of the season, everything indicates intensification of business stagnation and an increase in trade losses. In some articles and on both sides of the account these losses continue to be gigantic, and must cause further serious embarassments if the tide does not soon begin to turn.

In order to call attention further, Mr. Speaker, to the double change in this country, first from a paper valuation to a bi-metallic valuation of gold and silver, and then from this level to mono-metalism, I wish to present some facts showing the relative value of silver metal to certain commodities six years ago and now.

SILVER BULLION COMPARED WITH COTTON.

In 1873, six hundred and eighty-five pounds of cotton was equal to one hundred ounces of silver. In 1879, one hundred ounces of silver will buy one thousand and eighty-seven pounds of cotton, nearly 60 per cent. more.

The cotton crop of the United States of 1878 was equivalent to about 200,000,000 ounces of silver. But the same crop at the prices of cotton in 1873 would be worth $366,000,000 or 314,000,000 ounces of silver by weight, being 114,000,000 ounces more than at present.

SILVER BULLION COMPARED WITH WHEAT.

In 1873, one bushel of wheat was equal to 1 20-100 ounces of silver.

In 1879, 80-100 ounce of silver will buy one bushel of wheat.

The value of the total wheat crop of the United States in 1878, $329,000,000, was equivalent to 336,400,000 ounces of silver. At the price of wheat in 1873, the same

crop would be worth $580,000,000, which is equivalent to 506,000,000 ounces of silver, or 170,000,000 ounces more than its present equivalent.

SILVER BULLION COMPARED WITH CORN.

In 1873, one bushel of corn was equal to forty-four hundredths of an ounce of silver. In 1879, thirty-three hundredths of an ounce of silver will buy one bushel of corn.

The value of the total corn crop of 1878 ($436,000,000) was equivalent to 445,000,000 ounces of silver. The same crop at the price of corn in 1873 would be worth $685,000,000, which is equivalent to 590,000,000 ounces of silver, or 145,000,000 ounces more than the silver equivalent of the crop now.

SILVER BULLION COMPARED WITH ANTHRACITE COAL.

In 1873, 23 tons of anthracite coal were equal to 100 ounces of silver. In 1879, 100 ounces of silver will buy 32.6 tons of anthracite coal, or nearly one-third more.

SILVER BULLION COMPARED WITH BAR-IRON.

In 1873, 1.45 tons of bar-iron were equal to 100 ounces of silver. In 1879, 100 ounces of silver will buy 2½ tons of bar-iron, or over 70 per cent. more.

SILVER BULLION COMPARED WITH IRON RAILS.

In 1873, 1.66 tons of iron rails were equal to 100 ounces of silver. In 1879, 100 ounces of silver will buy 3 tons of iron rails.

SILVER BULLION COMPARED WITH PIG-IRON.

In 1873, 2.77 tons of pig-iron were equal to 100 ounces of silver. In 1879, 100 ounces of silver will buy 5.48 tons of pig-iron, nearly 100 per cent. more.

The equivalent of the total product of pig-iron in 1873 (2,868,278 tons) in silver was 102,600,000 ounces. The value of the same product at the price in 1878 would be but 53,000,000 ounces. The value of the product of pig-iron in 1878 (2,314,585 tons) in silver is 41,000,000 ounces.

SILVER BULLION COMPARED WITH LABOR.

Taking common labor at $1.60 currency, or $1.40 gold per day, in 1873, we find one day's labor equaled 1.20 ounces of silver. In 1879, one day's labor equals .91 of an ounce of silver. Taking the gold price of common labor now at ninety cents, we have a difference of more than 31 per cent when measured in silver.

On the supposition, then, that from this time on the expenditures of the Government, interest on the public debt, all taxes, were to be paid in silver, it would require from 25 to 30 per cent. (and when all kinds of property are taken into account the difference would probably be greater still) more labor or more of the products of labor to procure the silver to pay taxes, interest, and debts with now than was required in 1873. This may be shown in another way.

Taking the value of the total products of the United States in 1873 at $6,000,000,000, the same products would be worth now less than $4,000,000,000, measured by our present money; or, giving equivalents in silver, the products of 1873 were equivalent to 5,152,000,000 ounces, while the same products now would purchase not more than 4,000,000,000 ounces. So that more commodities and more property of all kinds must go to buy the silver that would now be required to discharge obligations in silver at 412½ grains to the dollar, than would have been required in 1873.

(In these calculations silver is taken at its bullion value on the 1st day of May for this year, and at its par value in gold in 1873.)

Or, stated briefly, an ounce of silver will buy in western markets three and a half to four bushels of corn, one and a half bushels of wheat, thirty to thirty-five pounds of pork, thirty-five to forty pounds of beef. In the South it will buy fourteen pounds of cotton or twenty pounds of tobacco. In the East it will buy twenty yards of calico or sixteen to eighteen yards of sheetings, and everywhere it will pay more rents and buy more real estate, and everywhere pay for more labor and more of the products of labor on the average by 30 per cent. than it would in 1873. This is due mainly to the change from the paper valuation to the bi-metallic level; and it would be greater but for the movement of silver toward paper, in consequence of its demonetization.

On the other hand, while the silver production of the United States for 1878 was about $39,000,000, this year it will probably not exceed $30,000,000 to $35,000,000.

In the early part of the century the proportion of silver to gold in production was 3 of silver to 1 of gold. Now the production of gold is one-third more than that of silver, while the use of silver in the arts alone takes:

For Europe	$10,000,000
The United States	4,000,000
For the rest of the world, at least	16,000,000
Total	$30,000,000

Then there is the continued absorption of silver for money by China and the East

Indies, the requirements for subsidiary coinage in Europe, and the amount necessary to make good the loss by abrasion, &c., so that, as a whole, the value of the precious metals is clearly on the increase, as compared with everything else.

The question then for us is, shall this country adhere to a standard that is certain to increase from year to year as silver demonetization goes on?

And, in this connection, let me say for the benefit of gentlemen on the other side, that there is one way, and one way only, by which gold resumption can be maintained in the United States. Restrict all other currency, and if gold continues to appreciate, as it is shown it must under existing monetary laws in Europe and the United States, then you can maintain the gold standard only by *reducing* the volume of other currency. You must stop issuing silver as now issued under the present law, or hoard it in the Treasury as fast as coined, as the Secretary of the Treasury is now doing, and you must also stop national banks from issuing more paper. You cannot increase the volume of paper and silver as now issued—which, in so far as it operates on gold, acts also. When our currency becomes excessive as compared with the gold currency of other countries, if it is convertible into gold or any part of it convertible, then the gold will leave us. Hence if gold undergoes appreciation from any cause, to keep our currency anchored to it the volume must be reduced absolutely by contraction or by locking it up, as is now being done. The result of such a policy must be, of course, lower prices.

"But," say my friends, "we must wait until other countries return to bi-metalism."

On this point I offer the opinion of Mr. Hamilton, who said in his mint report:

Nor can it require argument to prove that a nation ought not to suffer the value of the property of its citizens to fluctuate with the fluctuations of a foreign mint, and to change with the changes in the regulations of a foreign sovereign.

The following expressive language on this point is used by Mr. George M. Weston in his valuable book entitled "The Silver Question:"

Reckless beyond all power of language would be that folly which would cut us loose from the moorings of our fathers, and turn over the money price of every man's possessions, and the real effect of every man's contracts in America to the arbitrament of each successive prime minister of England.

The author of "Common Sense," written in 1775, used these words:

A greater absurdity cannot be conceived of than three millions of people running to their sea-coast every time a ship arrived from London to know what portion of liberty they should enjoy.

Much more absurd, I imagine, he would think it to see the fifty millions of people now in the United States waiting on the pleasure of Bismarck or Disraeli to know whether there should be further reduction in the value of their property, whether the countries these ministers represent should be permitted to exact by a further change in the measure—a change inaugurated by themselves—more of our wealth in the discharge of our debts to them. No, it is not possible to conceive a greater absurdity than the proposition to make our currency subject to the legislation of foreign states, to put into the hands of foreign potentates or legislative bodies the value of every man's property in this country.

Then, is it true, Mr. Speaker, that we have reached here the limit of hard times? Are we at the end of this trouble, or are there yet before us years of struggle, of darkness, of depreciation of property, of unemployed labor, of falling prices, if we continue the present policy? Are we to begin a new course of prosperity, or, like Italy, in the language of Garibaldi, become more "wretched and desponding?"

In the April number of the *Contemporary Review*, an English writer, well known as the author of a number of able essays on economic subjects, says:

England has entered upon the sixth year of commercial and manufacturing distress and decadence. There is as yet not a single ray of light shooting up through the dark mercantile horizon. A crisis without parallel in the experience of the present generation not only rests upon us but intensifies as time rolls on.

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The practical cutting off of silver from the world's money has been at the root of much of our distress during late years, and is now one of the chief hinderances to the return of prosperity.

* * * * * * * * * * * * *

The world, acting under the legal injunctions of the leading monetary powers, has divorced from its monetary system that silver which from time immemorial has conjointly with gold formed its money. Widespread suffering has been the inevitable result of its folly.

Mr. COX. Who is the author?

Mr. WARNER. This is the language of Mr. Williamson, of the well-known firm of Balfour, Williamson & Co. Another writer in the same journal, and who takes a similar view, is Mr. R. H. Patterson, author of "Science of Finance" and "Economy of Capital."

Now, is it possible that there can be a permanent improvement in the trade and business of this country, if the value of our money is to continue to increase, or, which

s the same thing, prices continue to go down? Every manufacturer in the country knows that this is impossible. Physically commodities are transferred by means of railways and through the agency of steam power; but proprietarily wealth is transferred through the agency of money; and if the value of money is constantly being increased, then it is easy to see that all relations between property, between commodities, labor, and money must continue unsettled and industry suffer further paralysis. Money is the wheel of commerce. We cannot do without it, nor make its procurement difficult without suffering loss. We might as well propose to take away railways, to dispense with steamships, to stop the locomotive, and then expect the exchange of commodities to go on all the same, as to take money away from the channels of trade and then expect business to prosper. Money is the vital air of commerce. It is to production, trade, and business what oxygen is to the air we breathe. It is at once the most subtle and the most potent of all human agencies; to lessen it is to stifle all industry; to change its value is to inflict endless and incurable wrongs upon society. The gold discoveries of California and Australia put new life into the commerce of the world. The industries of all civilized nations became, under this new influence, what they never were before. Production, commerce, wealth, all increased in a quarter of a century as never before. Now we have set out upon a policy which looks to the reversal of all this. In whose interest, I ask, is it done? In the interest of the whole people? No; only a small receiving class; they who hold money and funds that necessarily partake of the enhancement of money. The great mass of the capital of the country is depreciated and much of it is ruined. Capital applied to production; capital necessary for the employment of labor; that capital which must bear all the burdens of government and upon which our whole population depends for support. Capital represented in cultivated fields, in workshops, factories, machinery, and labor itself, shares no part of money's gains; but on the other hand must, in the end, contribute that which others gain.

In this connection I wish to submit another thought, in which possibly I may differ with most gentlemen on this floor, though I trust not. We have all read and heard much about the wonderful achievement of the Secretary of the Treasury in placing the 6 per cent. loan; we have heard the boast of a subscription of $150,000,000 in a single day. But, Mr. Speaker, that to me is the saddest commentary that could possibly be made upon the condition of our country. What does it prove? It proves one thing, and one thing only. It proves that there is little or no profit in all this country on capital used productively; that our industries no more than sustain our population; that the American people, with their skilled hands and educated brain, with all their industrial equipment, are making no profits, are saving nothing, are making little or no additions to their wealth. In 1869, according to Mr. David A. Wells, the net earnings of the United States, that is, the profits on its industrial capital, were about $550,000,000, while the total annual increase of wealth was $920,000,000, and had been at about that rate from the close of the war, and continued up to 1873.

Now, in every country interest in the run of years is determined by one thing, and that is profits on capital productively employed. There is no other fund out of which interest can anywhere long be paid. If you go beyond this, you must draw from past accumulations; you then take what was produced last year to pay interest on what you owe this year. The rate of interest, I say, is governed by profit on capital; and the fact that $150,000,000 were offered in a single day for investment in Government securities, and that all over the country crowds jostle one another to get 4 per cent. certificates, is proof that in this great country, with its boundless resources, there is no profit, at least not 4 per cent. profit, on capital used in production.

The net earnings on capital given by Mr. Wells for 1869 of $550,000,000 would be 8 per cent. interest on nearly seven thousand millions of productive capital. In other words, $7,000,000,000 of capital, if that sum was actually so employed, yielded a profit of $550,000,000. This sum was an actual addition to national wealth, and constituted the fund out of which interest was paid.

There was no other fund. Suppose two thousand millions out of the seven thousand millions was borrowed capital, then the country earned 8 per cent. on it, and if the borrower obtained it for less he made the difference. But now, when capital abounds that may be had at 4 per cent., why it is proof that profits do not warrant a higher rate. It is proof that there are no net earnings of $500,000,000 or $600,000,000, as in 1869 and 1870, for interest. You could not have borrowed, this Government could not have borrowed, no one and no government could have borrowed in 1869 or 1870, in our market, capital at 4 per cent. interest. It could not have been borrowed at that rate if every dollar borrowed had been backed up with a dollar in gold with the stipulation that it should be put under lock and key to be held until the principal was paid. Why? Because the owner could easily, safely, and surely have derived a greater profit. The earnings of the country permitted it. The credit of the Government is not a whit better now than in 1870. That is not what has controlled the interest it has to pay. I do not see why it pays as much even as 4 per cent., and doubtless it could borrow on

short time for less, probably 2 per cent. England has recently borrowed several millions on a short time at the rate of 1 per cent. per annum. Does the credit of England go up and down with every change in the Bank of England rate? 2 per cent I believe to be more than capital productively employed in this country now makes. This great feat of our Secretary of which we hear so much boasting may be summed up in this way. First, legislate so as to increase the value of money and depress everything else, making it unprofitable to use money or capital productively, and then give 4 per cent. for it and exempt it from taxation. Shades of Hamilton and Gallatin, is this statesmanship to boast of?

Only the one who holds money or bonds is making money under this new order of things. If a million dollars had been buried in the earth five years ago and now dug up, what would the owner find? He may have drawn no interest, yet when compared with other property will it not exchange for twice as much? Or if a million of dollars in Government bonds had been buried in some vault five years ago and were now taken out, not only would there be the interest upon them, but it would be found that the principal sum of the bonds had been doubled in value as compared with real estate or other property, or with labor, and at this altered rate they must some day be paid.

This is the operation, sir, of these wicked, if not wickedly devised, measures. And, Mr. Speaker, if I could have my way, the light of another day should not fade from the sky until every vestige of this vicious monetary legislation was stricken from the statute-book. [Long continued applause.]

Mr. CLAFLIN rose.

Mr. COX. I hope. Mr. Speaker, by unanimous consent the time of the gentleman from Ohio will be extended.

Mr. KELLEY. Yes. I hope that will be done.

Mr. BELFORD. I wish to ask the gentleman a question.

Mr. KELLEY. Let the time of the gentleman from Ohio be extended and then the gentleman from Colorado can ask his question.

The SPEAKER. Is there objection to the extension of the time of the gentleman from Ohio.?

There was no objection and the time was extended.

Mr. BELFORD. I see there is some misapprehension on the other side of the House as to the meaning of the ninth section of the bill.

Mr. WARNER. I should like to explain it.

Mr. BELFORD. I am going to vote for the bill and I hope the gentleman will explain it. Section 9 provides that from and after the passage of this act only coins of the smaller denominations shall be fabricated on Government account.

Mr. WARNER. I will explain that. The word "only" of course modifies "dollars," not fabricate. That is as it should be. The money that the Government coins on its own account should be only the subsidiary silver pieces. The Government would have no reason for coining full legal-tender dollars on its own account after the passage of this bill.

Mr. BELFORD. I should like to have the section fully explained.

Mr. WARNER. I will try to explain it fully to the gentleman from Colorado and to the House. This bill does not change the coinage of subsidiary or fractional coins at all. It leaves them right where they are now.

The fractional coins, as all know, are not of full weight as compared with the dollar piece. Hence, to open the mints to the public and permit everybody to have silver coined into fractional pieces would result in bringing the silver standard at once down to 385 grains instead of 412½. The reason for making fractional coins under weight is to prevent their exportation. In the first place, it costs more to coin dimes and quarters than larger pieces, but if these pieces are of full weight it is as profitable to export dimes as it is bullion in bars. Now, it is very desirable to prevent that part of the currency which circulates among the people, and especially in retail trade, from being drawn upon for export. Hence these coins have been reduced in weight. This is a question that has been much discussed, and was made the subject of a convention called at Paris by Napoleon III, which led to the adoption of this plan in France and afterward by the Latin union.

The committee thought it best to leave the law relating to subsidiary coins as it is. I certainly think it best; and of course if the Government opens the mints to the public for the unlimited coinage of silver dollars, then it should not continue to buy bullion on its own account to convert into coins. There would be no occasion for doing so. With the mints opened to the public, the control over the whole question of metallic money is in their hands. The Government never coined a dollar, either of gold or silver of full legal tender, on its own account, until the act of February, 1878, was passed. The Government coined simply what gold and silver was brought to it, and no more. The ninth section of this bill simply returns to this practice—to the practice of the Government from its foundation to 1873, when this departure was made—and

puts gold and silver on the same basis. And in this connection I would like to say a few words with reference to the section of the bill which opens the mints to unlimited coinage. I have been met on every side with this objection: why, you are giving a profit to the bullion dealer. Not at all. There is no profit to any bullion dealer under this bill not shared in by everybody. An ounce of silver, as Locke said, is equal to any other ounce. An ounce of silver in the form of coin, when it costs nothing to give it the form of coin, will be worth no more than in the form of bullion. One hundred ounces of silver bullion will make one hundred and sixteen dollar pieces. Now, if it costs nothing to change a bar of one hundred ounces into the form of coins, and there is no restriction on the amount that may be coined, then there is no change of value. Any one may take a hundred ounces or any other quantity of silver to the mints of the United States, and obtain for it one hundred and sixteen dollars and a fraction; and if all can do that, no one will give more of anything for one hundred ounces of silver in the shape of coins than as bullion. Hence, no profit is given to any bullion dealer. If a hundred bushels of wheat are worth a hundred ounces of silver bullion, it will still be worth the same weight of silver in the form of coins, and no more.

There is, therefore, no benefit which is not shared in by every one. To the extent that coining silver and making it money increases the use of silver generally, to that extent it increases its value, and tends to raise silver up and bring the other metal (gold) down. Thus is restored a principle of compensation which lies at the base of the bi-metallic system, and operating always to maintain the equivalency of the two metals. In other words, Mr. Speaker, in the contemplation of this bill silver is again made a money metal—the metal is monetized. Take a hundred ounces of gold; put it into any shape; it is still equal in value to eighteen hundred and sixty gold dollar pieces, because at the mints everywhere the owner has the right to have it coined, free of cost, into eighteen hundred and sixty pieces of a dollar each. For the same reason, if you take eighteen hundred and sixty one-dollar gold coins and cut them up or melt them into any shape, if only all the gold is saved, it is still worth as much as the same weight in coins, because it may be given the form of coins without restriction and free of cost. The gold miner digs money. Restore silver to its old place as a money metal, and the same will be true of silver. The metal itself becomes potentially money. This is as it should be. Silver must be put back upon this ground, or we must give up metallic money. The metal itself must be given the power to become money. Then the stamp of the Government is merely a certification by the Government of weight and fineness. Locke says:

> That money differs from uncoined silver only in this, that the quantity of silver in each piece of money is ascertained by the stamp it bears, which is set there to be a public voucher of its weight and fineness.

Now, sir, the proposition that has been made to simply increase the coinage of silver, instead of opening the mints to the public for unlimited coinage, is no cure. Until 1872 or 1873 we never heard of such a thing in this country as the Government limiting the quantity of gold or silver money, or buying silver to make money of, taking to-day a little and to-morrow a little more. That was a new departure. The world never heard of that way of providing money until 1872–'73.

Mr. HASKELL. Will the gentleman allow me to make a suggestion?

Mr. WARNER. Certainly.

Mr. HASKELL. If the gentleman wants a reason why the Government never bought silver to coin until the time he speaks of, I will tell him. Prior to the war, for twenty-five years the bullion necessary to make a silver dollar of the United States was worth one hundred and three cents in gold; and if the Government had bought it to put into coin, it would have paid one hundred and three cents, gold, for what would be worth one hundred cents as coin. That was a very good reason why the Government did not buy silver to make money of it.

Mr. WARNER. Do you say that was the reason?

Mr. HASKELL. That is a sufficient reason to my mind.

Mr. WARNER. Was it lawful for the Government to buy silver and coin money out of it on Government account? Was it ever lawful to do that until 1873?

Mr. HASKELL. I have not claimed that it was. I simply wanted to show the reason why it was not wise then for the Government to do this.

Mr. WARNER. I wish to advert to another point. As the gentleman from Kansas, the other day, spoke of the trade-dollar, I desire to say a word or two on that subject. The trade-dollar has been happily designated, I think, the "trick" dollar, for it manifestly was a trick dollar.

Mr. KELLEY. Before my friend proceeds to speak of the trade-dollar, will he permit me to make a suggestion to the gentleman from Kansas? I wish to ask him whether the Government bought gold for coining when a gold dollar was worth three cents less than a silver one?

Mr. WARNER. A very pertinent question.

Mr. KELLEY. Or did it buy silver prior to 1834, when the silver dollar was of less value than the gold one?

Mr. HASKELL. I am not making any fight on the repeal of the law for the purchase of bullion by the Government. I care nothing about that. But now you come with a proposition that allows every holder of a greenback in the United States to take it to the Treasury and get gold for it, and then to go out and buy what will produce the silver dollar at eighty cents in the dollar.

The SPEAKER. The gentleman from Ohio is entitled to the floor.

Mr. KELLEY. I understood the gentleman from Ohio to yield to me for a moment on this point. Why, sir, until after 1834 you never saw, nor did any other gentleman now here see, American gold coin in circulation; subsequently thereto you did not see standard silver money in circulation. Why? Because before the change in the ratio between the metals was made the gold dollar was worth 3 per cent. more than the silver, and after the change had been made, it having been made on a false and arbitrary basis, the silver dollar was withdrawn. Had the prevalent ratio of 15½ to 1 been adopted the metals would have circulated concurrently and the gold remained at home.

Mr. WARNER. The bill demonetizing silver or stopping the coinage of silver, as it finally passed the Senate, dropped out somewhere in the conference committees the old dollar and left in the trade-dollar. Now the object of adopting the trade or "trick" dollar, which I have said is a fit description of it, is thus stated by the Director of the Mint. I regret to refer now to acts of the late Director of the Mint, but the acts were public and concerned the public. Here is the language he used in his report in 1872:

> The silver dollar being a useless coin, both as respects circulation and commerce, should be abolished, and we should inquire whether some new medium may not be substituted, approximating in general character and value, which will meet certain commercial requirements, becoming daily more pressing, without giving rise to any of those perplexing questions or complications resulting from the varying values of the precious metals under a double standard, and at the same time afford some relief to our mining industries from the serious decline and further apparent depreciation in the value of silver.

That same year, during the two or three months before the coinage of the silver dollar was suspended, there were 997,000 of the old dollars minted; and the year before that there were over a million coined for the public. But I wish to call attention to the language and the reasons offered by the Director of the Mint for substituting the trade-dollar. He says, in the report referred to, that there was no longer any use in trade for the old standard dollar, a dollar longer known and more widely used than any other coin in the world. Its prototype was the first coin to go around the world, the old Spanish dollar, which had been from the time of Charles V a commercial unit of value on the other side of the Atlantic, and which was adopted by Hamilton as our unit. Nor has the weight of pure metal in this unit ever been changed. There was no longer any use for that dollar in commerce, we were told; but there was for a new piece a piece unlike any other coin in the world, being a little more valuable than the Mexican dollar, and a little more valuable, too, than the Japanese yen!

The theory upon which this new coin was put out is that if we divide one hundred ounces of silver into one hundred and fourteen pieces instead of one hundred and sixteen pieces we can get more per ounce for the silver. That is, the miner would get more per ounce for the silver which he digs if it were divided into pieces of 420 grains than if it was divided into pieces of 412½ grains. On that principle a farmer who should send his wheat to market in sacks of two and one half bushels each instead of two bushels ought to get more per bushel for his wheat; or if the planter should increase the bale of cotton to four hundred and sixty pounds instead of four hundred and fifty pounds he should get more per pound for his cotton. Now, I cannot believe that the Director of the Mint thought that. The Secretary of the Treasury says that there is no longer any advantage in making coins weigh 420 grains instead of 412½ grains, and advises that the coinage of these pieces be stopped. What, then, was the necessity or the excuse for the trade dollar? This and this only: there was a movement on foot to get rid of the double standard, as it was called, but we could not get along in our trade with the world very well without a silver coin of some kind. It was therefore proposed to make such a coin, but to make it unlike any other coin in the world, and to increase the weight, so that the ratio to gold would be neither 15½ nor 16. But pass this bill, and all the trade-dollars in circulation in this country will go to the mints for recoinage, as they should.

I say from the earliest accounts of the use of silver as money down to these recent acts of our own and other countries, the only limitation to either silver or gold money was the natural limitation of the material of which it was made; its control was beyond the reach of legislatures and congresses. Its value depended not upon any one man or any one body of legislators; it was beyond their reach. It rested upon the metal itself and was automatic in its regulation. And when you remove metallic money from that basis, and instead of automatic regulation submit it to the will of legislators or of a Secretary of the Treasury to control, you reduce it at once to the grade of inconvertible paper money. The character of the silver dollar in this country now is that of inconvertible paper. Silver dollars now are but silver greenbacks, as greenbacks were

before they were redeemable in gold, if they are so redeemed. We have taken a costly metal to make money of and then regulated its value upon the same principle exactly and in the same way that inconvertible paper money is regulated. The Secretary of the Treasury has it in his power to make our money two millions per month more or two millions per month less; a power that no other finance minister in the world possesses or would be allowed to possess in any other country in the world; a power, I insist, which should not be left to the discretion of any man.

It is placing in his hands to an unsafe degree a control over the value of every man's property. It is placing it in his power to change the terms of every contract in the land by varying the value of money as it would not vary if left to automatic regulation through the metal itself. Unless, therefore, we restore silver to its old status of unlimited coinage, leaving the value of coins to rest upon the metal to be automatically regulated, then we should get rid of it altogether and substitute paper in its place.

Cernuschi, in his pamphlet entitled "Monetary Diplomacy in 1878," says:

> Yes; and here is the capital fact, if French interests are considered, the five-franc silver pieces have the metallic ring, but they are more of the nature of paper money than of sound, just, and real money.

Upon what principle can superiority be claimed for metallic money over inconvertible paper money, except that of automatic regulation? A greater value is now given to silver coin than warranted, by the metal, by limiting the quantity of the coins. But on the same principle equal value could be given to coins of half the weight, or to money made of any other metal, or of paper. Can you not limit the quantity of paper, or ivory, or any other kind of money quite as well as you can silver money? Mr. Jevons even admits that an inconvertible paper can be maintained at the level of gold by simply limiting its quantity. He says:

> There is plenty of evidence to prove that an inconvertible paper money, if carefully limited in quantity, can retain its full value.

We are not wise if we continue to make dollars of so costly a material as silver and then regulate their value by putting a limit on the number of pieces as we do with inconvertible paper. If the object be to make a profit, then it will be wiser to take paper or something cheap, for, as I have said, the quantity of one kind can be limited as well as another. Instead of saving 85 per cent., therefore, in all conscience let us save 99½ per cent. If a profit is what we are after, let the Government go into the manufacturing business in some other way; in some way that will not be playing fast and loose with values in the manner we have been doing.

No, gentlemen, the question is between unlimited coinage, with automatic regulation through the natural limitation of the metals themselves, or no metallic money. There is no middle ground. There is no science, no common sense in any other theory of metallic money. The abridgment of hard money is a new thing in the world. It was never heard of in this country, I repeat, until 1873.

Let us go back to the sound doctrine of the founders of the Government; will not our New York friends go back to the teachings of Alexander Hamilton and Silas Wright; will not our Pennsylvania friends learn from Albert Gallatin—the only peer and rival of Hamilton in his time—of Robert Morris and Condy Raguet?

Was there ever a democrat from the beginning of the Government till 1873 who proposed to limit the quantity of metallic money? No, it never was heard of. This doctrine of the abridgment of metallic money is a dangerous innovation, menacing to the rights of property and changing the distribution not only of present, but of all future wealth. It was inaugurated in the interest of a bondholding class and against the interests of the great producing classes of our people. Every consideration of duty and right demands that we shall stand by the standard of both metals. The tenure of property with thousands of people depends upon it. Give back to the people their just rights. Let them gather up again the threads of prosperity they have lost. The greatest wealth of a civilized people, after all, lies in their power to create, in their enterprise, their skill, in the range and extent of their industries. Sweep clean the earth of all past accumulations, but save the educated brain, the acquired skill, and the equipment these have created, and permit unrestrained activity, and in a generation all would be re-created.

But of all the instrumentalities for the creation and distribution of wealth, the "great instrument of exchange"—money—is at once the most delicate and important. It is the spring that moves and regulates all the machinery of production and trade. Stability, unchangeability, to the fullest extent possible in money is the thing of all others most to be desired; and only by standing to both the metals, with unlimited coinage for both, can that be secured to a metal currency. [Applause.]

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